Testimony before the Connecticut Labor and Public Employees Committee

Hearing on Raised Bill 5433

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My name is Candace Howes. I am a Professor of Economics at Connecticut College where I have taught labor economics and econometrics since 1995. I have recently coauthored a book on the care workforce – which includes long term care workers and I have completed research on the consumer-directed personal care assistant workforce in California that was funded by the Robert Wood Johnson Foundation.

I have also served as an expert witness in class action suits that have been brought by home care consumers and providers against the State of California. I hold a Ph.D. in Economics from the University of California, Berkeley.

Last year I was appointed by Governor Malloy to serve on the Personal Care Attendant Working Group which recently submitted its report to the Governor recommending a process for personal care attendants to collectively bargain with the state. While on that committee I researched the mechanisms used in other states.

The findings of my research are included in this testimony. This includes information on the consumer-directed home care program in California and the relevance of those findings to the council's final report under consideration at this time in the General Assembly of Connecticut, as described in Raised Bill No. 5433.

In this testimony to be submitted to the record, I will report the results of my research on the personal care assistant program in California, known as In-Home Supportive Services (IHSS). IHSS is the largest consumer directed Medicaid personal care assistance program in the world. IHSS is organized under a quasi-public entity, known as a "public authority," which is similar to the Personal Care Assistant Quality Workforce Council being proposed in this bill. My research suggests that, subsequent to the establishment of public authorities in California, the conditions of employment for workers and the quality of care provided to consumers improved.

Under the California program nearly 450,000 consumers receive an average of 25 hours per week of personal care services. In 2006, California and Connecticut both provided Medicaid long term care services to about the same proportion of their populations. But in California, two thirds of consumers were enrolled in the IHSS program, while the other third lived in

nursing homes. The per capita cost to state and federal tax payers was $210 in California, about half Connecticut's per capita cost of $392.

Much of the per capita cost difference between California and Connecticut can be explained by the fact that over two-thirds of Connecticut's Medicaid long term care recipients still live in nursing facilities, the opposite of the California situation.

Connecticut's demand for homecare services is expected to grow rapidly in the coming years both because of the demographic trends and because Connecticut must shift so much of its long term care out of nursing homes and into community-based care. But Connecticut is going to have real difficulty recruiting enough workers because the quality of the jobs is so poor.

According to the BLS, personal care assistants are among the most poorly compensated workers in the U.S. In 2010, the nation-wide median PCA wage was $9.44 an hour. Connecticut is no exception. The median wage for PCAs was $10.51 which was about half of the median wage for all occupations in the state. Connecticut workers earn a median wage which is about 22 percent higher than the national median wage but Connecticut PCAs median wage is only 11 percent higher than the national median wage. If a personal care assistant in Connecticut wanted to earn more, she could work as a

crossing guard, a maid or housekeeper, a building cleaner or a parking lot attendant.

Because PCA jobs are so poorly compensated, most PCAs don't have health insurance. Nation-wide in 2010, one third of PCAs had no health insurance, and one third was getting their health insurance through Medicaid. PCAs probably have extraordinarily high occupational injury rates as well – although the official government surveys that collect these statistics do not count many of the PCAs. But we know from the government statistics that home health aides have the highest recorded non-fatal injury rates of any occupation, despite having training, protocols and sometimes working with assistive devices. PCAs, who have none of these advantages, are likely to have even higher injury rates which means that they frequently have to take time off or leave the job altogether. To make things worse, Connecticut's home care waiver programs are currently designed so that PCAs cannot work enough hours for any one consumer to qualify for workers' compensation, even if they are injured on the job, which means that they have to either work with an injury, go without an income, or find another job.

These are all part of why turnover is so high in this occupation. Researchers have estimated that between 40 and 60 percent of PCAs leave

their jobs each year. That means consumers have to find a new provider every six months.

Unless the quality of the jobs can be improved and the workforce stabilized, consumers will face risks as the demand for homecare services, and especially for consumer-directed home care, grows.

But my research and that of others suggests that the workforce can be stabilized and the quality of the job improved when workers have a mechanism through which they can bargain collectively to improve the conditions of work. To that end, many states have created workforce councils with consumer representation - like the one being proposed in this bill. California and other states with similar mechanisms show the benefits both to the consumers and the workers of having a workforce council.

Under the California model, and all the workforce councils that the PCA Working Group studied in Oregon, Washington and Massachusetts, and the legislation being discussed here today, consumers hire their own providers, they train and direct their work and they have the right to fire the provider as well. The counties set the wage rates with state approval and the state pays the providers directly. The workers are not state employees; instead, the public authorities function as the employer of record for the purposes of

collective bargaining. Providers have no right to strike, nor can they grieve conflicts with their consumer.

The results of my research suggest that these workforce councils have improved the quality of the jobs and the stability of the workforce and the quality of care. For example:

- Personal care assistants in California are demographically similar to PCAs in other parts of the country in terms of age, gender and level of education;
- Yet, their average wage rate is somewhat higher than the national wage rate for PCAs and in those counties where there has been collective bargaining for some time, they are almost 20 percent above the median national wage;
- California IHSS workers are less likely to be on public assistance, they are twice as likely to be insured, half as likely to be getting public insurance, and they are 50 percent more likely to have employer-based health insurance than PCAs nation-wide;
- The turnover rate in California is 25 percent, which is half the average of homecare workers nation-wide;
- Other studies have found that about one-third of PCAs intend to leave within one year, and 47 percent within two years, whereas only 6

percent of IHSS workers reported that they intend to leave within 2 years;

- Finally, I found that the pool of labor in one county where home care workers were eligible for health insurance, even when they worked as few as 35 hours per month, grew at twice the rate of the labor pool, state-wide and that the turnover rate for new workers dropped by 35 percent;
- My research also shows that workers in other low wage occupations and family caregivers began to see homecare as a good alternative to their jobs as clerks, factory workers, maids, house-keepers, childcare workers and food service workers (in contrast to Connecticut where wages for those occupations still exceed the median wage for PCAs).

In addition to improving the quality of the job:

- Public authorities frequently provide training to consumers and providers which has been shown in other studies of PCAs to reduce the very high occupational injury rates;
- California public authorities have organized respite care and emergency services;
- California public authorities maintain a registry of qualified workers.

The public authority increases the likelihood that workers will get the basic labor protections to which they are entitled and that they will not retreat into the gray market where they are unlikely to pay taxes and where the consumer/employer is unlikely to make social security contributions or pay workers' compensation.